

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:921

ANSWERED ON:07.12.2004

FINANCIAL PACKAGE FOR PUBLIC SECTOR STEEL UNITS

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Will the Minister of STEEL be pleased to state:

- (a) the details of public sector /steel units incurring losses since Ninth Five Year Plan;
- (b) the steps the Government propose to take to improve the situation of loss making units;
- (c) whether any financial package is being provided to these public sector units to improve their situation; and
- (d) if so, the details thereof Unit-wise with special reference to units situated in Andhra Pradesh ?

Answer

MINISTER OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) Steel Authority of India Ltd. (SAIL) including its subsidiaries i.e. Indian Iron & Steel Company (IISCO) and Maharashtra Elektros melt Ltd. (MEL) have incurred losses during the Ninth Five Year Plan. Similarly Rashtriya Ispat Nigam Ltd. (RINL) had also incurred losses during the same period.

(b) Depending upon the need of the Units, from time to time Government has taken various steps like financial restructuring, grant of Government loans, guarantees etc. to improve the performance of loss making units.

(c) Yes, Sir.

(d) In so far as units located in Andhra Pradesh are concerned, RINL is the only unit located in that state. Details of financial packages provided to RINL and other units are given in the Annexure.

ANNEXURE

RASHTRIYA ISPAT NIGAM LIMITED (RINL)

As this unit was incurring losses, till date, two financial packages have been provided to improve the situation. The first restructuring package was given in 1993 in which the Government of India loans amounting Rs.2639 crores were converted into equity. Further Rs.1507 crores were also provided to meet the project requirements. The second capital restructuring was done in 1998 in which Rs.1333 crores had been converted into preference Capital.

STEEL AUTHORITY OF INDIA LIMITED (SAIL)

In February 2000 as a part of financial and business restructuring of SAIL, Government approved the following:-

(i) Financial Restructuring of SAIL by waiving of loans advanced to it from Steel Development Fund to a value of Rs.5073 crores and Rs.381 crores from the Government of India.

(ii) Provision of Government Guarantee, with 50% interest subsidy, for loan of Rs.1500 crores to be raised by SAIL from the market for implementation of Voluntary Retirement Scheme(VRS).

(iii) Provision of Government for loan and interest thereon of Rs.1500 crores (including Rs.500 crores already agreed to), to be raised by SAIL during 1999-2000, from the market primarily for meeting its repayment obligation on past loans.

(iv) To initiate the process of divestment of the following non-core assets, while protecting jobs of the existing employees:

- (a) Power Plants at Bokaro, Durgapur and Rourkela
- (b) Oxygen Plant-2 of Bhilai Steel Plant
- (c) Salem Steel Plant (SSP), Salem

- (d) Alloy Steels Plant (ASP), Durgapur
- (e) Visvesvaraya Iron and Steel Plant (VISP), Bhadrawati
- (f) Fertilizer Plant at Rourkela.

{# Divestment of Captive Power Plant-II at Bhilai was subsequently added
by Cabinet Committee on Economic Affairs on 12.3.2001}

- (v) Allowing SAIL to have a minority shareholding in any joint venture contemplated for revival of Indian Iron and Steel Company (IISCO).

INDIAN IRON AND STEEL COMPANY (IISCO)

Government/Board for Industrial and Financial Reconstruction (BIFR) have approved the rehabilitation package for IISCO of RS.881 crores which includes inter alia, capital expenditure of RS.341 crores, provision of funds of RS.185.28 crores for VRS in Kulti Works of IISCO and provision of fund of Rs.354.72 crores for VRS in Burnpur Works and Collieries & Mines of IISCO. The rehabilitation package that is approved by the Government is at various stages of implementation. Government has also provided a grant of Rs.186 crores for implementation of VRS in Kulti Works. The Steel Development Fund (SDF) loan of RS.44.68 crores and Joint Plant Committee (JPC) dues of RS.18.49 crores have also been waived. Government of West Bengal has also waived past dues on account of Royalty and Cess etc. amounting to Rs.116 crores (approx.) and exemption of Sales Tax, Electricity Duty for a period of 5 years from 2003-2004 to 2007-2008.